

COMMONWEALTH OF VIRGINIA



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STATE CORPORATION COMMISSION BUREAU OF INSURANCE

May 28, 1982

ADMINISTRATIVE
LETTER 1982-7

TO: ALL INSURANCE COMPANIES LICENSED TO WRITE PROPERTY AND
CASUALTY INSURANCE IN VIRGINIA

RE: Competitive Pricing Rating Law
Chapter 201 (S117), 1982 Acts of Assembly
Rate-Making and Rate-Filing Obligations

By Administrative Letter 1982-5, dated April 30, 1982, I forwarded to you summaries of statutes enacted or amended and re-enacted by the General Assembly of Virginia during its 1982 Session, including the above captioned which becomes effective on July 1, 1982, and which changes the manner by which insurers may fulfill their rate-making and rate-filing obligations for the kinds of insurance subject to the provisions of Chapter 6.2 of Title 38.1 of the Code of Virginia.

The amendment to Section 38.1-279.36 of the Code provides, in subsection (2) thereof, that an insurer may discharge its filing obligation by giving notice to the State Corporation Commission that it uses rates and supplementary rate information prepared and filed with the Commission by a designated rate service organization of which it is a member or subscriber, with such information about modifications thereof as are necessary fully to inform the Commission. The insurer's rates and supplementary rate information shall be those filed from time to time by the rate service organization, including any amendments thereto as filed, subject, however, to modifications filed by the insurer.

This means that effective on and after July 1, 1982, a rate service organization will again be permitted to file rates and supplementary rate information on behalf of a member or subscriber insurer who has authorized the organization so to do.

Inasmuch as most rules, classifications, territories, rating plans, etc., are directly rate-related, such are included within the context of "supplementary rate information", and a rate service organization may also file rule changes, including classifications, territories, rating plans, etc., on behalf of a member or subscriber insurer who has authorized the organization so to do.

In addition, it is quite probable that one or more rate service organizations will continue to submit "advisory" rates/premiums and supplementary rate information (rules, classifications, territories, rating plans, etc.) for some lines or sublines of insurance (e.g., Private Passenger Automobile rates and rules, Homeowners premiums and rules, etc.) which submissions will be accepted by the Bureau and which may be utilized as a "REFERENCE" document only by member or subscriber insurers of the rate service organization making the submission.

In addition, any member/subscriber company desiring to use rates and/or premiums, and supplementary rate information, other than those filed on its behalf by a rate service organization, or which it may file by "reference" thereto, (e.g. rate service organization rates or premiums less a certain percentage) can accomplish same by advising the Bureau of Insurance in duplicate, in detail, relative thereto, enclosing therewith an appropriate manual size Exception Sheet(s) setting forth the specific adjustment(s), and the extent thereof, that will be made to such rates and/or premiums, or to such supplementary rate information, which rate service organization filing must be fully identified on said Exception Sheet(s).

However, in the event any member/subscriber company proposes to use rates and/or premiums and supplementary rate information, which do not bear a relationship (e.g. percent, relativity, etc.) to rate service organization rates and/or premiums, or to supplementary rate information, that have been filed on its behalf, or which it may file by "reference" thereto, a complete detailed submission thereof must be physically made, together with appropriate manual size rate pages or premium sheets, or supplementary rate information pages, fully identifying the rate service organization filing being amended.

If the company itself is establishing rates and/or premiums, or rules (supplementary rate information), the rates and/or premiums or rules (supplementary rate information) must be filed on or before the date they become effective.

As regards insurers that are neither members of nor subscribers to a licensed rate service organization for one or more kinds of insurance, the Bureau of Insurance, effective July 1, 1982

and subsequent, will not accept a "reference" filing of rate service organization rates and/or premiums, and supplementary rate information. Each such insurer must physically file all rate pages, premium sheets, and supplementary rate information and all changes and amendments thereof, on or before the date they become effective.

As regards insurers that are members of or subscribers to a licensed rate service organization for one or more kinds of insurance, but that have not authorized such organization to file rates and/or premiums, and supplementary rate information for such insurance on its behalf, effective July 1, 1982 each such insurer must physically file all rate pages, premium sheets, and supplementary rate information and all changes and amendments thereof for such insurance, on or before the date they will become effective, unless a "REFERENCE" document of "ADVISORY" rates/premiums and supplementary rate information for such insurance submitted by such rate service organization (as indicated hereinbefore) has been adopted.

As regards statistical supporting data and other information applicable to the making and use of rates pertaining to all classes of insurance to which the provisions of Chapter 6.2 apply, as required by Section 38.1-279.33 and various other Sections, it is not necessary to file such data and information at the time that rate pages or premium sheets are filed by companies. However, it is required that all such data and information be maintained by the company in such manner and format that same can be readily submitted to the Bureau in support of the company's filed rates, if and when directed so to do. Such requirement does not in any manner affect the reporting of statistical data to rate service organizations.

As regards policy forms and endorsements, no change in the statutory filing requirements has been accomplished, and such filings made by a rate service organization on behalf of member or subscriber companies which have authorized them so to do will continue to be accepted by the Bureau. The Bureau will also accept "reference" filings of such policy forms and endorsements from companies not so affiliated with a rate service organization, and will accept "reference" filings of such policy forms and endorsements from companies that are members of or subscribers to a rate service organization for one or more kinds of insurance but that have not authorized such organization to file policy forms and endorsements for such insurance, on its behalf, upon appropriate completion and return to the Bureau of Insurance, in duplicate, of the enclosed REFERENCE FILING AUTHORIZATION form for Policy Forms and Endorsements, identified as VA CP-9 (7/82). As such, physical filings thereof will not be required of any company if such rate service organization policy form and endorsement filings are used without amendment.

Note that the present (7/76) edition of form VA CP-9 is being withdrawn effective July 1, 1982, and that companies that currently have the (7/76) edition on file with the Bureau, and all other companies desiring to "reference" file the policy forms and endorsements of a rate service organization must use the new (7/82) edition of form VA CP-9 effective July 1, 1982, and subsequent.

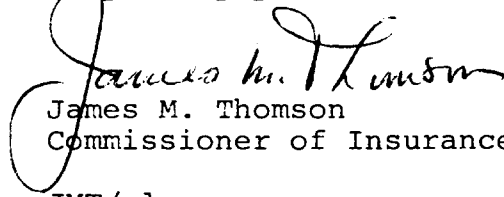
However, in the event that any company proposes to use any such policy form or endorsement which varies in any manner from that either filed on its behalf, or which it may file by reference thereto, it is required that such company physically file such policy form or endorsement, indicating in detail in the filing letter every change therein, the extent thereof, and where such is located in the policy form or endorsement. Each such company filing should clearly identify the policy form or endorsement that is being replaced by said filing.

It is contemplated that every rate service organization will provide the Bureau with a list of the member and subscriber companies as a part of every filing made on behalf of such companies, together with a filing identification number, and a specific effective date for each such filing. Every such company shall have the rates, manual(s) of rules, classifications, and territories, including all other rating plans, and/or policy forms and endorsements filed by the rate service organization (and accepted for filing, and/or approved for use, in Virginia, as appropriate) become effective for each such company upon the same date that the rate service organization filing becomes effective, unless otherwise stipulated by the company to the Bureau in writing prior to such effective date.

In the event that the company presently, or in the future, has on file any rate(s)/premium(s), rules (supplementary rate information) and/or policy forms or endorsements that would be affected by a rate service organization filing(s), but which the company desires to retain on file on its behalf, the company must advise the Bureau in detail relative thereto (sufficient to clearly identify the particular item(s)) prior to the effective date of the rate service organization filing.

Should you have any questions concerning this matter, kindly communicate same to the Bureau in writing.

Very truly yours,


James M. Thomson
Commissioner of Insurance
JMT/mle

enclosures

IPANY

DATE

SECTION I

ing a Non-Member
and Non-Subscriber of:

For the Following
Kind(s) of Insurance:

SECTION II

This Authorization Applies To:

ing a Member or Subscri-
ber of (that does not file
on behalf of the Company):

Policy Forms
and
Endorsements

ISO

Automobile Liability
Private Passenger
Commercial

*
☐ (Readable)

ISO

Automobile Physical Damage
Private Passenger
Commercial

*
☐ (Readable)

IRB
MSB
ERB
☐ ISO
☐ AAIS

Fire, Extended Coverage
and Allied Lines

☐

ISO
☐ AAIS

Commercial Multi Peril

☐

ISO
☐ AAIS

Homeowners Multi Peril

☐

ISO
☐ AAIS

Farmowners Multi Peril

☐

MSB
☐ ISO

Boiler and Machinery

☐

ISO
☐ AAIS

Burglary and Theft

☐

MSB
☐ ISO

General Liability (In-
cluding All Sub-lines)

☐

ISO
☐ AAIS

Glass

☐

MSB
☐ ISO

Inland Marine

☐

ISO
☐ AAIS

Fidelity and Surety

☐

MSB
☐ ISO

Growing Crops (Including
Rain)

☐

ISO
☐ AAIS

Mobile Homeowners

☐

MSB
☐ ISO

Fidelity and Surety

☐

ISO
☐ AAIS

Growing Crops (Including
Rain)

☐

MSB
☐ ISO

Mobile Homeowners

☐

SECTION II

(1) CURRENT FILINGS - If checked here :

The undersigned Company hereby requests that it be deemed to have independently submitted as its own filings the Policy Forms and Endorsements currently filed by the Rate Service Organization (and accepted for filing, and/or approved for use, in Virginia, as appropriate) as checked in the Authorization on the reverse side hereof.

(2) FUTURE FILINGS - If checked here :

The undersigned Company hereby requests that it be deemed to have independently submitted as its own filing the Policy Forms and Endorsements filed in the future by the Rate Service Organization (and accepted for filing, and/or approved for use, in Virginia, as appropriate) as checked in the Authorization on the reverse side hereof, which filing(s) shall become effective for this Company upon the same date as such becomes effective for Rate Service Organization members and/or subscribers who have authorized the Organization in question to file on their behalf, unless otherwise stipulated by the Company in writing prior to such effective date.

(3) As regards such future filings, it is understood and agreed, that in the event this Company presently, or in the future, has on file any Policy Forms and Endorsements that would be affected by a Rate Service Organization filing(s), but which the Company desires to retain on file on its behalf, the Company must advise this Office in detail relative thereto (sufficient to clearly identify the particular item(s)) prior to the effective date of the Rate Service Organization filing.

(4) This request, direction, and agreement shall become effective as of the date such is received by the Bureau of Insurance of Virginia (but not prior to July 1, 1982), and shall remain in full force until either withdrawn or amended by the Company, or until ordered rescinded by the Bureau of Insurance.

(5) The undersigned Company hereby agrees to immediately withdraw this REFERENCE FILING AUTHORIZATION FORM VA CP-9 (7/82) and independently file all policy forms and endorsements which the Company desires to use should the Rate Service Organization holding the copyright require the Company to do so.

Abbreviations and Notes:

CHIAA	- Crop-Hail Insurance Actuarial Association	Company
FMSB	- Factory Mutual Service Bureau	By
ISO	- Insurance Services Office	Title
HIS	- Hail Information Service, Inc.	Date
MERB	- Mill and Elevator Rating Bureau	
AAIS	- American Association of Insurance Services	
SAA	- The Surety Association of America	
NIBR	- Nuclear Insurance Rating Bureau	